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C O N F I D E N T I A L SECTION 01 OF 02 LISBON 000358

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FOR DEPUTY SECRETARY STEINBERG FROM CDA DAVID BALLARD

E.O. 12958: DECL: 07/05/2019
TAGS: [OTRA](#) [PREL](#) [PGOV](#) [PO](#)
SUBJECT: SCENESETTER FOR YOUR JULY 11-12 VISIT TO PORTUGAL

Classified By: CDA David Ballard, reasons 1.4 (b) and (d)

¶1. (SBU) Your participation in the Lisbon Ministerial Conference of the Community of Democracies (CD) comes at the conclusion of Portugal's term as Convening Group chair. Portugal has not been as proactive a chair as we had hoped, so this Ministerial is an opportunity to reinvigorate the CD as Lithuania takes over as chair. Portugal continues to be a strong ally, and your visit closely follows Portugal's being helpful on several issues, including Guantanamo closure, NATO's ISAF Mission in Afghanistan, and anti-terrorism and law enforcement coordination under a Preventing and Combating Crime (PCC) agreement signed during DHS Secretary Napolitano's visit to Lisbon last week. This is an opportune moment to reinforce our shared goals and to call for renewed support for the CD going forward.

UNPRODUCTIVE TERM AS CD CHAIR

¶2. (C) Portugal gave a lackluster performance during its abbreviated 2007-2009 term as chair of the Community of Democracies Convening Group. Portugal was largely unsuccessful in coordinating strong CD statements on democracy crises, and repeated pushes from the US failed to energize Portuguese leadership. Portugal's term as chair will end six months ahead of schedule when Lithuania takes the chair following the Lisbon Ministerial.

PORTUGAL - STEADFAST ALLY

¶3. (SBU) Portugal, a founding member of NATO, is a steadfast ally that has consistently stood by our side over the years despite changes in government. President Cavaco Silva and Prime Minister Socrates -- from opposing political parties -- both regularly stress that transatlantic relations are a pillar of Portuguese foreign policy and that NATO is the primary guarantor of European security. Portugal is also a member of the Proliferation Security Initiative, the Container Security Initiative/Megaports, and the Global Initiative to Combat Nuclear Terrorism.

¶4. (SBU) The Portuguese military is engaged internationally on numerous fronts. Portugal participates in NATO's efforts in Kosovo (295) and Afghanistan (102 in place, with a commitment to double its contingent), as well as the UN mission in Lebanon (146) and Standing NATO Maritime Group (SNMG) 1 patrolling off Somalia. Portugal participates in the EUFOR mission in Bosnia (14), provides 87 personnel to support bilateral cooperation in five Lusophone African nations, and has 164 national guard personnel policing in Timor Leste.

¶5. (SBU) The Portuguese government provides liberal access to Portuguese air and seaports for U.S. military operations in support of Iraq and Afghanistan. This year to date 5,065 U.S. military aircraft have overflown Portuguese controlled

airspace and 1,898 have transited through Lajes Air Base in the Azores.

INTERNAL POLITICS - GOVERNING FROM THE CENTER

16. (SBU) Portugal's charismatic Prime Minister Jose Socrates heads Portugal's moderate Socialist government, which assumed power in March 2005. The Socialists won an absolute majority in parliament, which has allowed Socrates to govern from the center without coalitions and helped him implement an economic reform agenda. By the end of 2007 the government had succeeded in reducing the budget deficit below the EU-mandated limit of three percent, a year ahead of schedule, but since the onset of the global financial crisis the budget deficit and unemployment have again increased, to 3.9 percent and 9.3 percent respectively, through May 2009.

17. (SBU) Portugal has national parliamentary elections and local elections for municipal officials coming up this fall, on September 27 and October 11, respectively. Economic difficulties and an ongoing corruption investigation have eroded the Socialists' lead in the polls, setting the stage for a fiercely-contested election with the center-right Social Democratic opposition led by former Finance and Education Minister Manuela Ferreira Leite. Socrates' government took another blow on July 2 when Economy Minister Manuel Pinho resigned after making an insulting gesture to the Communist leader in Parliament last week. Finance Minister Fernando Teixeira dos Santos will assume leadership of the Economy Ministry until the September elections.

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MULTILATERALIST TO THE CORE

18. (SBU) Portugal places great emphasis on multilateral institutions, the European Union foremost among them. Portugal joined the EU in 1986, and a subsequent infusion of EU funds made possible the construction of Portugal's national transportation infrastructure. Portugal remains a net recipient of EU funds, and a majority of the public views the EU favorably. In fact, Manuel Durao Barroso abandoned his Prime Ministership halfway through his term in 2004 in order to assume the presidency of the European Commission. He is seeking a second term in the wake of last month's European Parliament elections. On most important foreign policy issues, Portugal defers to EU consensus. There are some exceptions, such as Africa, on which Portugal seeks a leadership role.

FOREIGN MINISTER AMADO

19. (C) Foreign Minister Luis Amado has been a great friend of the US, both in his previous capacity as Minister of Defense and now as Foreign Minister. He is even-tempered, thoughtful, and low-key, and regularly seeks opportunities to coordinate policy with the US. He places great importance on presenting a united public front, whether within the EU, NATO or with the US. If there are differences, he prefers to discuss them discreetly. He met with Secretary Clinton in Washington on June 5. He is likely to step down as FM after the September elections.

PRIME MINISTER SOCRATES

110. (C) PM Jose Socrates is a charismatic leader who worked hard to improve his English in advance of Portugal's 2007 EU presidency. He relies on advice from a small circle of advisors. He is a moderate Socialist who has been successful at coopting or marginalizing the extremists in his party. He also aggressively pursued his domestic agenda before assuming the EU presidency, achieving difficult labor and social

security reforms. Socrates spends most of his time on the domestic agenda, leaving foreign policy largely in the hands of FM Amado. Economic diplomacy has been a cornerstone of Socrates' foreign policy and this government has strengthened ties to Angola, Libya, Venezuela, Russia, and China in order to bolster Portugal's energy sources and export markets.

PRESIDENT CAVACO SILVA

11. (C) Anibal Cavaco Silva is the most popular politician in Portugal. Although the Portuguese presidency does not wield the executive power of the US presidency, the position is not ceremonial. Cavaco Silva is commander in chief of the armed forces and must approve military deployments. He also chairs the Council of State, which handles all constitutional issues. Cavaco Silva hails from the right-of-center PSD party and he often butts heads with Socialist PM Socrates. But Cavaco Silva generally strives to be a non-partisan Head of State, and leaves day-to-day politicking to PSD leaders in parliament.

For more reporting from Embassy Lisbon and information about Portugal, please see our Intelink site:

<http://www.intelink.sgov.gov/wiki/portal:portugal>
BALLARD